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MESSAGE

OF

ELIHU E. JACKSON,

GOVERNOR OF MARYLAND,

TO THE

GENERAL ASSEMBLY,

AT ITS REGULAR SESSION,

JANUARY, 1892.

ANNAPOLIS:
C. H. BAUGHMAN & CO.,
STATE PRINTERS.
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MESSAGE.

STATE OF MARYLAND, EXECUTIVE DEPARTMENT,
ANNAPOLIS, January 6th, 1892.

Gentlemen of the Senate and House of Delegates:

At the opening of a new Legislative year I am again required by Constitutional enactment to inform you of the condition of the State, and invite your careful consideration to such measures as seem to be important to the material welfare of our people.

THE STATE FINANCES.

The Report of the Comptroller shows total receipts into the Treasury for the fiscal year ending 30th September, 1891, to be.....	$2,827,568 29	
To which add the balance in the Treasury on the 30th day of September, 1890.....	666,845 94	
Making the total amount available in the Treasury during the fiscal year 1891.....	$3,494,414 23	
The total disbursements during the same period were..	2,953,083 93	
Leaving a balance in the Treasury 30th day of September, 1891, of.....	$ 541,330 30	
In the receipts are included a part of the Exchange Loan of 1891, amounting to the sum of.....	$ 413,141 18	
These receipts were also increased by the High Liquor License issued for Baltimore city by the sum of $512,016.56, but as the State pays back to the city three-fourths of the revenue received from this source, the sum so paid should be deducted. It amounted to.....	404,029 10	
	$ 817,170 28	

173506

Deducting this sum from the total receipts and we have as the ordinary receipts into the Treasury for the fiscal year 1891, the sum of..$2,010,398 01

The ordinary receipts of the Treasury for the fiscal year 1890 were.... .....$2,041,267 13

In the disbursements for 1891 were items for Sinking Fund investments, Redemption of State Loan, Special Appropriations and money paid on account of High License to Baltimore city, amounting to.....$1,448,279 12

Deducting these items from the disbursements and we have as the ordinary expenses of the State Government for 1891, including interest on the State debt, the sum of.....$1,504,804 81

While the ordinary expenditures of the State for the year 1890, after deducting all expenses incident to the session of the General Assembly, and other items above enumerated, amounted to.....$1,817,301 52

The ordinary expenditures for the fiscal year 1889, a non-Legislative year, amounted to....$1,835,601 48

These tables in the Comptroller's report should be interesting to taxpayers. They show very plainly that while the ordinary annual receipts of the Treasury have maintained their standard of about two millions of dollars, the ordinary yearly expenditures for the support of the State Government are a little over three hundred thousand dollars less than formerly. How this great saving has been accomplished will be presently shown.

During the year just closed, the Treasury officers have been engaged in redeeming and exchanging the overdue obligations of the State, and as a result of their work they have the very gratifying exhibit of a reduction in the net debt of the State for the fiscal year 1891 of.....$ 536,170 77

Amount carried forward.....$ 536,170 77

Amount brought forward	$ 536,170 77
When we add to this sum the call for Redemption of State Bonds, being balance of the Loan authorized by the Act of 1837, chapter 302, and issued on account of the Baltimore and Susquehanna Railroad Company, made since the close of the fiscal year, there will be a further reduction of	188,000 00
Making a total reduction in the net debt of the State since the 30th day of September, 1890, of	$ 724,170 77

This reduction has been made almost entirely by the purchase, redemption and exchange of the matured obligations of the State.

Since the last session of the General Assembly, six several and distinct loans owed by the State have matured, aggregating the sum of	$ 970,595 35

The condition of the Treasury was such that the Treasury officers were enabled to call in these debts for exchange and redemption, and they have the greater portion of the certificates that represent these debts now in the Sinking Funds.

By these transactions they have taken from the Debt Statement all of the six per cent. interest-bearing indebtedness and only $206,356.28 of the five per cent. interest-bearing debt now remains outstanding.

Four years ago, as will be seen by referring to the Report of the Comptroller of that date, the State had debts amounting to $4,662,254.88 upon which interest was paid at the rate of five per cent., and on four millions of this sum there were paid Exchange and Commission charges which ran the interest account up to five and a-half per cent.; also debts amounting to the sum of $1,431,040.47, bearing interest at the rate of six per cent. per annum.

Since then all of these debts, amounting in the aggregate to the sum of $6,113,395.35 (with the exception of the sum of $206,356.28) have been either redeemed or exchanged for Loans only bearing three per cent. interest per annum.

By redeeming these debts as fast as the condition of the Treasury would permit, and ex-

changing the residue as it matured for a lower rate of interest, a difference was made in the State's expenditures on account of interest, between the amount required for this purpose in 1887 and the amount required in 1891, of the sum of ..... $ 176,658 66

There will be a further reduction in the interest account next year, as will be seen by comparing the amount of interest paid on the debt of the State in 1887 and the amount that will be required for the year 1892, as follows:

Interest paid on State debt, including Exchange and Commission in 1887. ..... $ 551,836 38

Interest required to be paid on State Debt for 1892, is as follows:

	PRINCIPAL.	INTEREST.	
Defence Redemption.	$3,000,000 00	$109,500 00	
Exchange Loan of 1886.....	628,355 00	18,850 65	
Exchange Loan of 1886.....	1,270,474 10	38,114 22	
Converted Debt of 1847.....	206,356 28	10,317 81	
Currency Debt of 1837.....	188,000 00	5,640 00	
Exchange Loan of 1888.....	4,321,700 00	129,651 00	
Exchange Loan of 1891.....	606,757 14	18,202 71	
Total interest required in 1892....			330,276 39
Making a total annual saving of.....			$ 221,559 99

The interest on the Treasury Relief Loan is not included in the above statement. This debt has all been called in, the certificates are in hand and will be destroyed by the direction of the General Assembly, and no interest, therefore, will be required for this debt.

The Treasury officers, under the authority vested in them under Article 12, Section 3, of the Constitution, have exchanged the preferred stock of the Baltimore and Ohio Railroad Company amounting to the sum of $968,612.70 for Bonds of the State Exchange Loan of 1888, amounting to the sum of $1,242,300.00. These Bonds have been placed in the Sinking Funds and are practically redeemed. I recommend that they be destroyed. This will reduce the debt of the State by the sum of $1,242,300. By this exchange of Stock for State Bonds there was a gain to the State by the sum of $292,241.11, and there will be a further reduction in the interest account for the year 1892 by the sum of.....	$ 37,269 00
This will make a total reduction of interest for the year 1892, when compared with the year 1887, of.....	$ 258,828 99
Besides this large reduction of interest, and consequent gain to the Treasury, which has been effected in the manner just described, there has been also a reduction in the net debt of the State in the past four years, amounting to the sum of.....	1,105,786 91
To this sum should be added the last call for redemption made by the Treasury officers, amounting to.....	188,000 00
Which will make a total reduction since the 30th day of September, 1887, of.....	$1,293,786 91

Or a little over three hundred thousand dollars a year.

While by the refunding of the high interest-bearing debts of the State at a low rate of interest and the redemption of the Treasury Relief and other Loans, a saving to the Treasury has been effected amounting, as has been shown, to the sum of.....	$ 258,828 99
Amount carried forward.....	$ 258,828 99

Amount brought forward.....		$ 258,828 99
There has been at the same time a gratifying increase in the receipts from sundry sources of State revenue, as the Tables in the Comptroller's Report show, among them are the following:		
Increase in Railroad and other corporation taxation.....	$56,963 78	
" " Foreign Insurance taxation.....	42,359 75	
Gain in the Inspection of Tobacco..	20,333 90	
Bonus on Corporations.....	6,281 41	125,938 84
Aggregating a total annual gain to the Treasury from all of these items of the sum of.....		$ 384,767 83

With this gain to the Treasury of nearly four hundred thousand dollars, it is very evident that the Treasury is in such a condition as will enable the present General Assembly to greatly REDUCE THE RATE OF STATE TAXES.

The present tax rate of 17¾ cents on each one hundred dollars of property for the support of Education and to pay interest on a large portion of the State debt, and at the same time provide a sum for the payment at maturity of over three millions of dollars of the State's indebtedness, is not a high rate of taxation; and when we find that there are only some three or four States in the Union whose rate of taxation is as low as that of our own, we have just cause for congratulation.

But low as is the present tax rate, if all of the revenue which it produces is not required, the tax should be reduced.

A full Treasury encourages extravagance and oftentimes leads to prodigality and waste. "Unnecessary taxation is unjust taxation" in State as well as in Federal finances.

Treasury Relief Loan Bonds amounting to a half million of dollars are now in the Sinking Funds. I recommend that these bonds be destroyed and the *tax of one and one-half cents* which that loan represents in the tax rate *be taken off*.

After this tax is taken off there will remain taxes as follows, viz:

Ten and one-half cents for the support of the Free School System of the State, one-fourth of one cent for the redemption of a part of the Exchange Loan of 1886, and the balance five

and one-half cents for the redemption of the Defence Redemption Loan.

This last-named debt was originally known as the Defence Loan. It was issued for four millions of dollars and bore interest at the rate of six per cent. per annum.

Since then, the debt has been reduced one million of dollars and refunded by the issuing of new certificates bearing interest at the rate of three and sixty-five hundredth per cent. per annum.

The principal of this debt is now one-fourth less, and the interest only a little more than one-half it was when the debt was first created, while the tax remains the same as it was at the beginning of the loan; besides, we have a Sinking Fund for the redemption of this debt, which, after deducting the Treasury Relief Loan Bonds to the credit of this fund, amounts to $1,318,521.78. The securities that will remain in the Sinking Fund for the redemption of the Treasury Relief Loan as well as those standing to the credit of the General Sinking Fund account, after the destruction of the Treasury Relief Loan Bonds, amounting in the aggregate to the sum o $602,400.36, I recommend to be transferred to the Sinking Fund for the redemption of the Defence Redemption Loan. This will make a Sinking Fund for this debt of the sum of $1,929,922.14, and when we take into consideration the gain to the Treasury through the exchange of loans and the redemption of the high interest-bearing debts on the one hand, and the increase of receipts from railroads and other corporations, insurance companies, and inspection of tobacco on the other, amounting in the aggregate to nearly four hundred thousand dollars annually, when compared with the condition of the Treasury four years ago, it is plain we have a sum of money not then at the command of the Treasury, without levying one cent of debt tax, to pay the interest and provide a sinking fund (with the fund already in hand) to pay these debts at maturity.

Nor is this all; the Direct Tax amounting to the sum of $371,000.00, which by an Act of Congress has been refunded to Maryland, will be in the Treasury before the end of another fiscal year.

But leaving this sum out of the calculation it must be apparent to every one who will give the matter a moment's consideration, that the tax of five and one-half cents which is imposed by reason of the existence of the Defense Redemption

Loan is more than will be required for the redemption of that debt at maturity.

While the Constitution of the State forbids the repeal of the Loan Taxes, during the existence of the debt for the redemption of which they were laid, yet I cannot think that it was ever intended by that provision to impose upon the people unnecessary burdens. All the holders of the bonds which this loan represents can ask of the state, is to pay them their money when the debt becomes due.

The principal of this debt as I have said is one-fourth paid, the interest reduced nearly one-half and a sinking fund provided nearly equal to two-thirds of the principal now remaining unpaid, while the debt will not fall due until the year eighteen hundred and ninety-nine. The interest on $1,920,922.14, the amount of the sinking fund which will be to the credit of this loan, if you will carry out my recommendation, and the increment arising thereon, will amount to a sum nearly sufficient to pay this debt at maturity, and the tax which should be imposed for this debt, ought not to be more than sufficient to pay the interest, and to add to the sinking fund a sum annually by which the sinking fund can be raised to three millions of dollars within the time limited for the bonds to become due; to do this, a tax of three cents will be ample, and I therefore recommend that the tax of five and one-half cents be reduced and a tax of three cents, in place thereof, be imposed to raise a fund with which to pay the interest on this loan until it shall become due, and to maintain the sinking fund for the redemption of the debt at maturity. This will make *a net reduction in the tax rate of four cents*, leaving only thirteen and three quarter cents for debt and school taxes.

THE STATE DEBT.

The debt of the State amounts to.....		$10,721,642 52
As an offset to this debt the State holds the following Bonds and Stocks on which the interest or dividends are promptly paid:		
Stock in Washington Branch B. & O. R. R. Co.....	$ 550,000 00	
Farmers' Nat'l Bank, Annapolis.	46,470 00	
Annapolis Water Company....	30,000 00	
Amounts carried forward.	$ 626,470 00	$10,721,642 52

Amounts brought forward.	$ 626,470 00	$10,721,642 52
Bonds of Northern Central Railway	1,500,000 00	
Bonds of Susquehanna and Tide Water Canal Co	1,000,000 00	
Cash credit	81 21	
Bonds and Stocks in the Sinking Funds :		
For Treasury Relief Loan	562,310 80	
For Defence Redemption Loan	1,580,521 78	
For Exchange Loan of 1889	1,298,203 50	
For General Sinking Fund	278,089 56	
	$	6,845,676 85
Leaving, as the net debt, the sum of	$	3,875,965 67

The Sinking Funds are composed principally of stocks and bonds of the City of Baltimore and of the State of Maryland, and are all worth their face value, if no more, while some of them would bring a premium.

The stock which the State holds in the Washington Branch of the Baltimore and Ohio Railroad Company, amounting to $550,000.00, is worth at least twice its face value, and the bonds of the Northern Central Railway Company are worth fifty per cent. premium, or about $2,250,000.00; these investments, if sold at these figures, would reduce the net debt of the State to about two and one-half millions of dollars.

HOW TO PROVIDE FOR OTHER DEBTS.

There is a large portion of the State debt for the ultimate payment of which no special taxes are levied, but there need not be any difficulty in providing a sum sufficient to pay all of these debts off within a very short period.

Were the State to-day to sell all of its investments and apply the proceeds to the payment of its outstanding debts there would not be more than two and one-half millions of the debt remaining unpaid.

By the year eighteen hundred and ninety-nine, by the application of the debt taxes which I have recommended to be laid, the debt of the State will be further reduced one million of dollars, leaving only one million and a half dollars unprovided for. This balance can be obtained, if you will follow my rec-

ommendation hereinafter made in relation to the raising the taxes on the gross receipts of railroads and other corporations, and the passage of such legislation as will finally compel the Baltimore and Ohio Railroad Company to submit its property to taxation, without imposing upon the agricultural interests one cent of additional taxation.

TREASURY CASH ACCOUNTS.

I think it very important that an act should be passed requiring the Treasury officers to keep separate cash accounts with the Public School Fund, and with each of the sinking funds, and that, whenever any money is received into the Treasury, the proportion to which each of the said funds shall be entitled, shall at once be deposited to the special credit of that fund, there to remain for the use of that particular fund and no other, until required for use or investment.

RAILROAD AND OTHER CORPORATION TAXATION.

The taxing of railroads and other corporations, doing business in this State, and the passage of such laws as would require them to pay their just share of the burdens of government, was brought before the General Assembly in my message to that body two years ago. I then recommended that a tax of two or two and a half per cent., be laid upon the gross receipts of all railroad companies in this State, and pointed out wherein this tax would not be equal to the amount which the laws of many States require such corporations to annually pay.

I also recommended the passage of a law requiring all corporations hereafter to be formed, to pay a bonus for the grant by the State of corporation franchises; and I also took occasion in connection with this subject of corporate taxation, to refer to Foreign Incorporated Companies, and recommended that they should pay a tax more commensurate with the profits of the business which these companies annually do in this State.

In response to these recommendations, the General Assembly imposed a tax of one per cent. upon the gross receipts of all railroad companies worked by steam; and a tax of one per centum upon the gross receipts of every telegraph or cable, express or transportation company, a tax of two per centum upon the gross receipts of all telephone, parlor car, sleeping car, safe deposit, trust, guaranty, and fidelity companies; a tax

of one per centum upon the gross receipts of all oil or pipe line companies and all title insurance companies, and a tax of one-half of one per centum upon the gross receipts of all electric light or electric construction companies, incorporated and doing business in this State, as set forth in chapter 559 of the Acts of that session.

The General Assembly also imposed a tax of one-eighth of one per cent. on the capital stock of all corporations hereafter to be formed, and increased the tax on the gross receipts of Foreign Insurance Companies doing business in this State.

The tax imposed by this Act upon railroad companies, is double the amount of tax which they have hitherto paid in this State, with the single exception of the Baltimore and Ohio Railroad Company; owing to the exemption which this company, under its charter, enjoys, as well as by the terms of settlement between the company and the State under the Act of 1878, chapter 155, it continues to pay only the tax of one-half of one per cent. upon its gross receipts; as provided by the last-mentioned Act of Assembly.

Notwithstanding this, there has been a considerable gain to the Treasury from the increased tax upon gross receipts of railroad companies.

There were received from railroad companies, subject to the increased tax of one per cent. upon gross receipts, for the fiscal year 1891, the sum of		$ 70,955 09
And for the same year, from the B. & O. R. R. Co., at the rate of one-half of one cent., the sum of	$31,152.79	
And had this company been subject to the increased tax rate it would have paid the additional sum of	31,152.79	62,305 58
Making the possible receipts into the Treasury from this source for the fiscal year 1891		$133,260 67
But deducting the sum of		31,152 79
We have as the actual receipts from gross receipt tax on railroads for the fiscal year 1891		$102,107 88
While the receipts from railroads in 1889 on account of gross receipt tax were		58,972 98
Making a net increase for the year 1891 of		$43,134 90

In my message I further recommended the passage of a law strictly prohibiting the future consolidation or connection of any railroad with another railroad, or the transfer of any of the chartered rights and franchises of any Railroad Company to another Railroad Company, without the express consent of the Legislature, and, in pursuance of that recommendation, a bill was introduced into the Senate embodying these views. It also provided that, in case any Railroad Company should, without the express authority from the General Assembly, so connect its tracks with another railroad, either directly or indirectly, it shall be presumed to have surrendered any and all exemptions, to which, under its charter, it may be entitled.

This bill was introduced in the Senate early in the session, and passed that body unanimously, but not, however, in time to receive consideration in the House.

The receipts from Telephone, Trust and other corporations during the fiscal year 1891, from the gross receipt tax imposed upon them by the act above referred to, while not large, are a clear gain to the State Treasury of $13,828.88.

BONUS ON CAPITAL STOCK OF CORPORATIONS.

Under Chapter 536 of the acts of the last session, which imposes the tax of one-eighth of one per cent. as a bonus on the capital stock of corporations formed in this State, there was received for the fiscal year 1891 the sum of $6,281.41.

Under Chapter 545 of the acts of the last session, which imposes additional taxes upon Foreign Insurance Companies doing business in this State, there was received during the fiscal year 1891 the sum of $84,540.87, which is a net gain to the Treasury from this source of over forty thousand dollars for the fiscal year just closed.

These receipts from corporations, so far as they go, show a very satisfactory increase, and demonstrate that with proper care and management of the State's resources, sufficient revenue can be obtained to defray every expense of the State government, without levying one cent of direct taxation for debt purposes. I therefore renew my recommendation of two years ago that chapter 559 of the acts of 1890 be amended, and that a tax of at least two per cent. be imposed upon the gross receipts of Railroad, Telegraph and other corporations.

THE BALTIMORE AND OHIO RAIL ROAD COMPANY.

The recent action of this Company in increasing its capital stock ten millions of dollars naturally attracted general atten-

tion and brought again into prominence its chartered exemption from taxation.

It seemed to me, that inasmuch as the object of the corporation, viz.: the construction of a railroad from the city of Baltimore to some point on the Ohio River, had been accomplished, no further extension or increase of its capital stock could lawfully be made without an amendment of its charter. And inasmuch as the established rule is that exemptions from taxation are to be strictly construed and not to be enlarged by implication, I could not persuade myself that even if the charter could be held to give to the Company the power to increase its capital stock indefinitely, the exemption from taxation would be held to apply to an increase of the stock no longer needed for the building and equipment of its road from Baltimore to the Ohio River.

It occurred to me, therefore, that the opportunity afforded by the action of the Company might well be availed of to test the question whether such increase was lawful, and if it were, whether the exemption was equally applicable to the proposed increase as to the stock originally contemplated by the charter. I accordingly, on the 25th of November, ult., addressed the subjoined letter to the Attorney General:

ANNAPOLIS, MD., *November 25, 1891.*

HON. WILLIAM PINKNEY WHYTE,

Attorney-General:

MY DEAR SIR:—I find in the Baltimore papers of the 12th, what purports to be a report of the proceedings of the Directors of the Baltimore and Ohio Railroad Company, a copy of which I herewith enclose.

I also find in the Baltimore papers of the 17th what purports to be a report of the proceedings of the Stockholders of the Baltimore & Ohio R. R. Co., endorsing and ratifying the action of the Board of Directors of said Company. By these resolutions it appears that the Baltimore and Ohio R. R. Co. has directed the issue of ten millions of new stock, a portion of which is to be applied to the payment of stock dividend of 20 per cent., and the remainder is to be disposed of and used to acquire other property and for the betterment of the road.

The exemption from taxation of the original stock of the Baltimore and Ohio Co. has been reluctantly acquiesced in by

the people of the State, and I believe that heretofore stock dividends have been declared and stock has been permitted to be issued and go untaxed. But this extraordinary addition to the stock of the Company, it seems to me will be a great hardship to the taxpayers of Maryland, if it is permitted to be issued and escapes taxation.

I will, therefore, thank you to give the matter your earnest consideration and to advise me if there is any way known to the law by which the State can properly intervene, and by injunction, or otherwise, prevent the issue of this stock until the question of the right to issue the stock for the purposes designated in the resolutions, or the question of taxation, can be determined by the Courts.

It would seem that if this Company has the right, at will, to increase its capital stock ten millions of dollars, it may add one hundred millions at any time for the betterment of its property, or for the acquisition of other property, or for purposes of dividends, which would be so great an injustice to the taxpayers of Maryland that I trust there is some way by which it may be prevented. At all events, I desire to exhaust every remedy to prevent the consummation of this act, which I regard as a great wrong.

Owing to the importance of the case, if you desire it, I will be very glad to associate with you other counsel to represent the people's interests.

Yours truly,

ELIHU E. JACKSON.

He replied as follows:

THE ATTORNEY GENERAL OF MARYLAND,

104 East Lexington Street,

BALTIMORE, *December 4, 1891.*

MY DEAR SIR:—In reply to the inquiry, in your letter of 25th ulto., I beg to say, that I do not know of any legal proceedings, whereby the increase of the capital stock, proposed to be issued by the President and Directors of that Company (the B. & O. R. R. Co.,) can be restrained. The powers given to that Company, by the charter of 1826, ch. 123, are so ample

that this may be classed as one of the broadest of them; for, you will see by a perusal of the 13th section of the Act, that the power to increase the capital stock is unlimited.

Yours very truly,

WM. PINKNEY WHYTE.

To His Excellency, the Governor.

You will perceive that in his opinion no action can be successfully taken by the State to prevent the issue of the proposed increase until its lawfulness and exemption from taxation can be determined by the Courts. Doubtless however, a bill could be passed directing this increased stock to be assessed and taxed in order that a case might be made for a judicial settlement of the question.

In the meantime effect should be given, if possible, to the Constitutional amendment adopted by the people on 3d November, 1891, which declares as follows:

"* * * * the General Assembly shall not alter or amend the charter of any corporation existing at the time of the adoption of this article or pass any other general or special law for the benefit of such corporation, except upon the condition that such corporation shall surrender all claim to exemption from taxation or from the repeal or modification of the charter, and that such corporation shall thereafter hold its charter subject to the provisions of this Constitution; and any corporation chartered by this State which shall accept, use, enjoy, or in anywise avail itself of any rights, privileges or advantages that may hereafter be granted or conferred by any general or special Act, shall be conclusively presumed to have thereby surrendered any exemption from taxation to which it may be entitled under its charter, and shall be thereafter subject to taxation as if no such exemption had been granted by its charter."

And that something practical in this connection may be done, I recommend that a bill be passed amending the charter of the Baltimore Belt Railroad Company, so as to prohibit the use of its road by the Baltimore and Ohio Railroad Company and also by the Northern Central Railway Company, unless these companies will expressly surrender their chartered exemption from taxation. The proposed amendment might be substantially as follows:

"It shall not be lawful for the Baltimore and Ohio Railroad Company or the Northern Central Railway Company to connect with or in any way use the track or tracks of the Baltimore Belt Railroad Company, either by direct, indirect or successive connections, or to haul or cause to be hauled any of their respective engines or cars, or any engines or cars belonging to any other corporation, corporations or individuals, until in such form as the Board of Public Works shall prescribe, they shall respectively surrender and forever abandon the exemption from State, county and municipal taxation claimed by them, respectively, under the several Acts of 1826, chapter 123, 1878, chapter 155, and 1880, chapter 16, or under and by virtue of any other Act or Acts of Assembly, or any agreement or supposed agreement between them or either of them and the State; and in case the said Baltimore and Ohio Railroad Company, or said Northern Central Railway Company shall make any connection with or use in any way whatever any of the tracks of the said Baltimore Belt Railroad Company for any purpose, it or they, as the case may be, shall be conclusively presumed to have waived, surrendered and forever abandoned all and every exemption from State, county and municipal taxation which it or they may now be entitled to in any way whatsoever, and thereafter all of said exemptions shall thereby become null and void as if the same had never existed.

"And moreover, for each and every day for which said Baltimore and Ohio Railroad Company, or said Northern Central Railway Company shall in any way make use of the track or tracks of said Baltimore Belt Railroad Company, before it or they shall have executed and delivered to the State said formal surrender of said exemption or exemptions, it or they, as the case may be, shall forfeit and pay to the State the sum of one hundred dollars, recoverable by civil suit, which suit or suits, it shall be the duty of the Attorney General to bring and prosecute to final judgment.

"And further, it shall not be lawful for the said Baltimore Belt Railroad Company to permit its said track or tracks to be used in any way by said Baltimore and Ohio Railroad Company or said Northern Central Railway Company, under the penalty of four hundred dollars per day for each and every day during which the same shall be so used, until it or they shall have executed and delivered said formal surrender of its or their exemption from taxation.

"And in case said Baltimore Belt Railroad Company shall so permit such use of its said track or tracks to be made by said Baltimore and Ohio Railroad Company or said Northern Central Railway Company, and in case either of said last named companies shall make such use of the track or tracks of said Baltimore Belt Railroad Company, such permission to use and such use is hereby declared to be cause of forfeiture of their respective charters, and it shall be the duty of the Attorney General to institute apt legal proceedings, by *scire facias* or otherwise, against said Baltimore Belt Railroad Company, and said Baltimore and Ohio Railroad Company and said Northern Central Railway Company, as the case may be, to ascertain whether such cause of forfeiture has occurred and to enforce the same."

There will be no injustice and no breach of public faith in the passage of such an amendment.

The State is under no obligation to grant to the Baltimore and Ohio Railroad Company or to the Northern Central Railway Company, any new privileges or concession and may justly and reasonably withhold them, so long as they refuse to submit to the equal and uniform rule of taxation applied to all other corporations and to every individual enjoying the protection of its laws.

And if the privilege of using the tracks of the Baltimore Belt Railroad Company is very valuable to them, there is no reason why they should be permitted to enjoy it and at the same time continue to enjoy their peculiar exemption from taxation. I earnestly commend this subject to your careful attention, as a present means for recovering for the people their indispensable if not inalienable sovereign right of taxation.

CHESAPEAKE AND OHIO CANAL.

On the 5th February, 1890, I sent a special message to the General Assembly, transmitting for their consideration the proposal of the Washington and Cumberland Railroad Company to lease the Canal, and giving the reasons which led me to recommend that its proposal should be accepted.

After a very full discussion in both houses, the bill authorizing this lease was passed and approved.

In the meantime, the legal proceedings begun in January, 1890, in the Circuit Court for Washington County, in equity, on behalf of the Repair and the Preferred Bondholders of the

Canal, to which I referred in my message, had resulted in a decision by Chief Judge Alvey that these Bondholders were entitled to the appointment of Receivers, and Receivers had been duly appointed; but the question as to whether the Receivers should proceed to repair and restore the Canal, or whether it should be decreed to be sold, was reserved for further consideration, after the Court should be "furnished with such information as the Receivers may be able to furnish as to the condition of the Canal, and the probable cost of repairs and the feasibility of operating the work."

In June, 1890, the Receivers reported to the Court, that after a careful examination, they estimated that the cost of putting the Canal in repair would amount to $268,698, and that the annual cost of operating it would be $107,606.50; and after giving these figures, they state their conclusions as follows:

"The grave question which your receivers have had to decide, is whether they would be justified, in view of all the facts we have already stated, in recommending the expenditure of so large a sum of money as $268,698.00, in this restoration. It would, indeed, be assuming a responsibility, which in the event of failure to earn revenues, or in the event of another freshet, which might destroy all the work as soon as completed, would weigh heavily upon those who induce people to embark their funds in the enterprise. The unavoidable conclusion has forced itself upon us that with the revenues we may reasonably expect, the prospect of paying anything to the holders of the bonds of 1844, after paying the interest and principal upon the receivers' certificates, which would have to be issued to raise the necessary money for restoration, would be very remote indeed—too remote for any serious consideration."

Subsequently, the case was heard on a petition for a decree for the sale of the Canal, and on September 1, 1890, Chief Judge Alvey filed his second opinion, in which he decided as follows:

1st. That he entirely concurred with the Maryland Receivers in their conclusion that the restoration and repair of the Canal, with any expectation that it could be operated so as to produce any net revenue, were wholly impracticable, and that the attempt to repair it, at large cost, by the agency of receivers, was an experiment which the Court could not be justified in undertaking.

2. That inasmuch as it was certain, and indeed conceded on all hands, that a sale of the Canal was inevitable, there was no

reason for delay, but, on the contrary, every reason why the sale should take place as soon as practicable.

3. That the Bondholders of 1844 have no lien on the *corpus* of the Canal, and consequently no right to participate in the proceeds of sale, but that their lien under the Act of 1844, and under their mortgage, was carefully and clearly limited to the net tolls and revenues of the company; and that with the destruction of such tolls and revenues, they occupy only the position of simple unsecured creditors.

4. That section 3 of article 12 of the Constitution, relating to the sale of the State's interest in the Chesapeake and Ohio Canal, applied to a sale made by the Board of Public Works, and not to a sale by the Court under apt legal proceedings, and was therefore no obstacle to the passage of a valid decree of sale.

5. That the decree for a sale could validly be made to embrace a sale of the whole line of the Canal, including that part of it lying within the District of Columbia.

Before the decree for sale was signed, the trustees of the Bondholders of 1844 filed a petition asserting that "they believe that they can, if given possession, restore the Chesapeake and Ohio Canal as a water-way, and operate the same so as to derive tolls and revenues sufficient for the payment of the expenses of operation and repairs, principal and interest of the repair bonds of 1878 and of the preferred bonds of 1844 until the principal and interest of the same be fully paid," and praying that they be put into possession.

The Attorney-General and the counsel of the Canal Company resisted this application, but on the 2d of October, 1890, Chief Judge Alvey filed a third opinion accompanied by a decree directing the Canal to be sold, but granting the petition of the trustees of the Bondholders of 1844—putting them into possession—giving them authority to repair the Canal and operate it for four years from May, 1891, and suspending the sale during that period.

The decree allowed the trustees of the Bondholders of 1844 sixty days within which to purchase the repair bonds of 1878, and be subrogated to the rights of these Bondholders. Within this period two of the five members of the Board of Trustees resigned and were succeeded by Messrs. John K. Cowen and

Hugh L. Bond, Jr., and these gentlemen, together with Messrs. Henry H. Keedy, Bradley S. Johnson and Joseph Bryan then composed and do still compose the Board.

The repair bonds of 1878 were purchased and the Canal was delivered to these five trustees in December, 1890.

An appeal was taken by the State and the Canal Company to the Court of Appeals, but the decree of the Court below was affirmed in February, 1891.

The trustees were unable to complete the repairs by May 1, 1891, as stipulated, and the time was extended and, by the middle or latter part of August last the Canal was sufficiently repaired to permit transportation.

The cost of repairs has largely exceeded the highest estimate and has thus far amounted to $360,000, while the tonnage has only been about 50,000 tons of coal and the gross receipts about $20,000.

The practical results thus far accomplished are these, viz:

The canal has passed under the control of the Baltimore and Ohio Railroad Company; an additional debt of at least $360,000 taking priority of the claims of the State, has been created; the revenues are not sufficient to pay the expenses of the restored work, and a sale, sooner or later, seems to be inevitable; perhaps, even before the expiration of the four years named in the Court's decree. The proceeds of this sale will in all probability prove not more than enough to reimburse the trustees for the cost of these repairs, and to pay the repair bonds of 1878, if indeed they will prove adequate for these purposes, and consequently, the State and the bondholders of 1844 will get nothing.

Had the lease as authorized by the Act of 1890 been made, the results as stated in my special message would have been very different.

A railroad, competing in the interests of the people with the Baltimore and Ohio Railroad would have been built along the line of the canal from Cumberland to Georgetown; the repair bondholders of 1878 and the labor claims of $70,000, for repairs prior to the recent expenditures, would have been paid in full; the bondholders of 1844 would have received 25 per cent. of their bonds, and the State would be in the regular receipt of an annuity of $15,000.

The building of a railroad through Allegany, Washington, Frederick and Montgomery counties would also have added to

the State's revenues from the tax on its gross receipts, while the benefit to these four counties in the increase of their taxable basis would have been very great.

Moreover, the project was to extend the proposed railroad from Georgetown to Baltimore so as to make that city its real terminus, and thus to give to it the manifest and great advantages of being an outlet for the coal from West Virginia over the line of the West Virginia Central and Pittsburg Railway, and moreover lead to commercial and business relations of incalculable value, with that great and growing region.

The experiment of continuing to spend money on the Canal in the hope of making it pay, however well meant, must be admitted to have been a costly one to the State, while to the bondholders of 1844 it has thus far proved to be anything but a success.

But worse than all this, the long cherished policy of the State to secure for our people two competing lines of transportation from the coal fields, has been reversed and both of these highways are now under the control of the same corporation, and the rates of toll and transportation can be fixed without the check of competition.

DEFALCATIONS OF STEVENSON ARCHER.

I transmit to you the report of the Joint Special Committee of the Senate and House of Delegates, appointed to investigate the accounts of Stevenson Archer, late State Treasurer, and a copy of the testimony taken by them.

As suggested by the Committee in their preliminary report to me of April 10, 1890, upon which I removed him. I instructed the Attorney General to bring suits upon the several official bonds given by Mr. Archer. A separate suit was accordingly brought upon each of the three bonds given by him, and a fourth suit against the executors of the late Henry W. Archer, who was a surety on the first bond. It was subsequently ascertained, that before Mr. Archer's defalcations were discovered, the estate of Mr. Henry W. Archer had been distributed among his devisees, with the exception of a very small amount, and hence it became necessary to file a bill in equity against these devisees to recover from them their proportionate part of the liability of their testator.

The suit on the first bond against Archer and his sureties, other than Henry W. Archer, has been tried and a judgment for sixty thousand dollars recovered in the Circuit Court, for

Baltimore county, to which the cases were removed by the Attorney General, has been affirmed by the Court of Appeals.

The suit on the second bond has also been tried. It resulted in a judgment in the lower Court for $12,857.55, but this judgment was reversed by the Court of Appeals, upon the ground that Mr. Archer had never duly qualified under his second election of January 13, 1888, and that therefore his bond was inoperative and void.

The suit against the executors of Henry W. Archer as surety on the first bond, and that against the third bond, as well as the equity suit against the devisees of Henry W. Archer, are still pending.

The committee, in their report, advert with what I feel to be undue severity, upon my failure to discover Mr. Archer's defalcations. I do not find, however, that I omitted any official act which my predecessors had performed. Mr. Archer enjoyed my full confidence. I believed him to be incapable of wrong. If I had called him before me, and formally questioned him, he would doubtless have misled me as he did in regard to the investments for the sinking fund, when he assured me that there were no State bonds which could be purchased for such purposes, whereas he well knew that the Treasury Relief Loan was *redeemable* at the pleasure of the State after July, 1888, although not *payable* until 1893; and that we could have made our investments in these bonds instead of in the securities which we did buy.

I was not aware that the Treasury Relief Bonds, purchased prior to my inauguration, had not been cancelled. Only ten of this class of bonds were subsequently bought, and these ten were not embezzled.

The purchases reported by Mr. Archer in September and October, 1889, were fictitious, as has since been developed, but as in nearly every case he filed with the Comptroller the bill and receipt of the parties from whom he pretended to have bought them, the Comptroller was naturally led to believe that everything was just what it purported to be, and not the slightest suspicion was entertained that any embezzlement or misappropriation had been committed.

Possibly if I had acted under the impression that Mr. Archer was dishonest, his frauds might have been detected a few months earlier than they were, but I trusted him implicitly—

relied on him thoroughly, and it is my great misfortune that I was deceived precisely as many of our most vigilant and experienced bank officers and business men were.

TOBACCO INSPECTIONS.

It is gratifying to note the improvement which has been made in the management of tobacco inspections in this State. For many years the system had been a heavy burden upon the revenues of the state; not only were the salaries of the Inspectors paid out of the State Treasury, which amounted for a number of years to some twelve thousand, and subsequently nine thousand dollars, annually, but at each session of the Legislature, deficiences were almost always reported by some of the Inspectors, and appeals were then made for relief from the State Treasury in order to satisfy the wages due to labor and subordinate employees in the warehouses where such deficiencies occurred.

The amount of money paid out of the State Treasury on account of Inspectors' salaries, in the two decades between 1870 and 1890, in excess of the receipts from the warehouses, amounted to the large sum of $77,660.73. During this period we were required to pay, in addition to the sum for repairs on the warehouses, ground rent, and insurance, the sum of $50,830.75 making a total tax of $128,491.48 which the system of Tobacco Inspection demanded and which was paid in twenty years from the State Treasury.

In my message to the Legislature two years ago, I recommended a change, looking to a more efficient and economical administration of the system of inspection, and I then predicted that if the change which I recommended were adopted it would result in a saving to the State of not less than twenty-five thousand dollars per annum.

That Legislature put my recommendation into effect by the enactment of Chap. 262 of the Acts of that session, and as the result of this law, we have the satisfaction of knowing that the inspection of tobacco in this State for the past two years, has cost the State nothing. That after paying Inspectors' salaries, and every expense, incident to inspection, there were received from this source into the Treasury, large balances amounting in the aggregate to the sum of $20,836.38.

During the first two years of my administration, the inspection of tobacco cost the State $13,267.34, in excess of receipts; these two years are fair samples of many which had preceded them.

Under the operation of the new law, and the change effected thereby, we have a saving to the Treasury for the fiscal years, 1890 and 1891, over the years 1888 and 1889, of the sum of $34,103.72.

The system of inspection of tobacco, in my opinion, if properly administered, can never again be a tax upon the property of this State.

This demonstrates a further fact which should interest those engaged in the cultivation of tobacco. As the State ought not to ask any revenue from inspection further than to make the system self-sustaining, with the return of large crops like those which were formerly grown in the tobacco growing counties of our State, the charges for inspection can be reduced with safety without affecting the efficiency of the system.

OYSTERS.

Two years ago I called the attention of the Legislature to the importance of the oyster industry of the State, and pointed out several matters which needed their careful consideration. Among the recommendations then made, I suggested that all oysters should be closely culled on the bars when and where taken, and the sale of oysters less than a fixed size, say two and one-half inches in length, be prohibited. Subsequently a bill was drawn and sent to the Committee, in accordance with this recommendation, but it was so amended as to greatly impair its efficiency. This law properly amended will, I feel sure, greatly increase our annual supply.

The report of the General Measurers at Baltimore shows that the sales in that city from October 15th to December 15th, 1890, amounted to 1,701,080 bushels, and from October 15th to December 15th, 1891, to 2,259,410 bushels, being an increase of about 33 per cent., which must be credited to the Culling Law, as the per centage of decrease had previously been in a greater ratio; but to make the law effective it will be necessary to extend its provisions to all persons having small oysters in possession, and thereby destroy all marketable value in them.

I also recommended the limiting of the time for taking oysters with scoops or dredges to November 1st; I still think this should be done, and that all licenses to take oysters, either with tongs or with scoops or dredges, should expire with the the close of the season.

I must again also call your attention to the condition of the Oyster Fund. The receipts from licenses to dredge are con-

stantly decreasing while the expense of maintaining and keeping in order the boats of the Fishery Force is increasing as the boats get older.

The total receipts for this fund were, in 1889, $61,562.08; in 1890, $58,178.67; and in 1891, $52,260.33 while; the expenditures were, in 1889, $63,306.09; in 1890, $70,955.91; and in 1891, $73,645.81; showing at present an annual deficit of over twenty thousand dollars.

It is absolutely necessary that something be done to relieve the taxpayers of a burden that they cannot be asked to carry.

The license to dredge, which is at present the only source of revenue, is as great as it will bear, and a tax per bushel is objectionable; I can see no mode of relief except to require the scrapers and tongers to contribute to this expense.

If the licenses to tong or to scrape were all issued from the Comptroller's office to the Clerks of the Circuit Courts, and one-third of the receipts therefrom were paid over to the State, it would probably be sufficient for all present emergencies; and if the license to tong was made personal and fixed at three dollars it would bear more uniformly on the tonger and at the same time give a greater revenue to the Counties.

A thorough revision of our Oyster Laws seems to be absolutely necessary. At present our books are filled with local laws, which, from their number and peculiar phraseology, create great confusion, while there is little necessity for local legislation on the subject; a general law can and ought to be framed to meet all requirements, and this would be better understood and observed.

A cause of most embarrassment in the enforcement of our laws is found in the lack of harmony between the laws of Maryland and the laws of Virginia. The Legislature of that State is now in session, and has the oyster question under consideration, and I feel sure that this is an opportune time to secure their co-operation; I would, therefore, recommend that you pass a joint resolution, early in your session, appointing a committee to confer with that body on this subject. I would also suggest that such conference should embrace the questions connected with the common rights of fishery in the Potomac and Pocomoke.

The large and valuable oyster grounds of the Potomac which belong entirely to Maryland, are at present a subject of concurrent legislation and enjoyed by the citizens of Virginia equally with our own, while the citizens of Maryland are entirely excluded from any rights in the Pocomoke.

The 8th Article of the compact of 1785 provides that all laws and regulations in relation to the preservation of fish in the Potomac and Pocomoke, within the limits of Virginia, shall be made with the mutual consent and approbation of both States.

A just and equitable view of the matter surely will give rights in common in both cases.

COMMISSIONERS OF FISHERIES.

From the report of the Commissioners of Fisheries it appears they distributed during the season of 1891 the enormous number of 58,070,000 young shad, besides large numbers of perch, trout, carp and other food fishes. They appear to have been very successful in the propagation of all the fishes mentioned, except carp, of which they say the cost of propagation is so large and the results so uncertain that the cost had better be expended for our native fishes, which are hardier and better for food. They claim the yield of fish has been exceptionally large and the masses of the people have had a great abundance of the best qualities of fish food at very small cost; they further claim that the large catch of this season was the direct result of their large output of fry during the season of 1890, and they expect a still larger catch during the coming season.

THE REASSESSMENT OF PROPERTY.

In my message to the General Assembly two years ago, I recommended the reassessment of property in this State, and the General Assembly, at that session, passed a bill providing for a general valuation and assessment.

While I was heartily in favor of a new assessment and believed at the time, as I do now, that there are great inequalities in the present assessment, which only a general reassessment can correct, yet the bill which the General Assembly passed contained features so extraordinary and inquisitorial in their character that I could not give my consent that it should become a law.

But the same conditions which influenced me to recommend a new assessment to the last General Assembly exist to-day, only perhaps the lapse of time has made the necessity for such action more urgent and desirable. As the law now is, and in consequence of the failure of the third proposed amendment to the Constitution, it will simply be a re-valuation of the tangible property in the State.

While the law should be so framed as to be impartial in its scope of action, it should, at the same time, require all persons or corporations within the State, or holding property therein, to contribute in just proportion to the expense of State, County and Municipal Government

THE AUSTRALIAN BALLOT LAW.

The General Assembly, at its last session, in response to a popular demand, passed a law known as the Australian ballot law, providing for the printing, at the expense of the State, of an official ballot, and the appointment by the Governor of Election Officers, with a view of securing greater fairness and freedom in our elections. From all sections of the State where the law applies we hear of its approval and commendation.

There are a number of counties where the provisions of this law do not apply, and in order that our elections throughout the entire State may be uniform and beyond suspicion, as well as to secure to the whole people the benefits of this system of voting and conducting elections, I recommend that the law shall be extended to all the counties in the State, and that the whole of the election laws be revised and re-enacted. I cannot see any reason why the Australian system should not be made to apply to primary elections.

COLUMBIAN EXPOSITION.

Before the meeting of another Legislature, the Columbian Exposition, which is to be held at Chicago in 1893, will have taken place, and if Maryland, as a State, is to be represented on this occasion, it will be necessary for you to make provision therefor.

From the effort which is being made by those having the matter in charge, to have every State and Nation represented, this promises to be the largest and most magnificent Exposition ever witnessed in this or any other country.

I am in favor of Maryland taking part in this great demonstration of the world's progress and development, and recommend that a liberal appropriation be made to defray the expense of presenting at Chicago, Maryland's claim to recognition as a State, and the many advantages it can offer to those who may come and dwell upon its soil.

Maryland has much of which her people should be proud. Our immense coal fields and other mineral resources, our val-

uable oyster beds, canvass back ducks, crabs, fish and terrapins, together with our splendid farming, truck and garden lands; indented with beautiful rivers and bays, our delightful climate, where the rigors of the north, the extreme heat of the south, and the terrific storms and blizzards of the west and northwest are unknown; all these are proper subjects for description, illustration or exhibition, and would not necessarily require, under proper management, the expenditure of a very large sum of money.

PUBLIC SCHOOLS.

The Public School system of the State is justly regarded with pride and affection by its citizens. Providing amply for the acquisition of a good, solid education by every child and youth, it affords to each the opportunity of preparation for a useful and honorable career. It stands well the test of time. Since the adoption of the present system, in 1872 few amendments have been suggested, and fewer still adopted. Avoiding extremes, well adapted to the needs and desires of our people, honestly and economically administered, it ranks as one of the very best systems in the country. Whilst no human institution can claim perfection, it is universally conceded, that our school system has been wisely and thoughtfully enacted.

The report of the State Board of Education for 1891 shows the following facts:

The whole number of different pupils enrolled in the schools of the State during the year was:

White	189,214
Colored	34,796
Total enrolled	224,010

The average number of pupils in daily attendance in all schools was:

White	106,170
Colored	17,273
Total average attendance	123,443

The total expenses for school purposes derived from all sources—State, county and city—were $2,237,164.33, of which amount there was paid from the State Treasury, as follows, viz:

For White Schools	$470,345.16
For Colored Schools	122,983.88
Total paid by the State	$593,329.04

An inspection of the above figures shows that the amounts received from the State Treasury for white and colored schools, respectively, provide $4.43, per capita, for the white pupils in average daily attendance, and $7.12, per capita, for the colored pupils in average daily attendance.

The total amount of expenses of all the schools in the State shows an expenditure of $9.98, per capita, for the total number of pupils enrolled during the year; and of $18.12, per capita, for the total number of pupils in average daily attendance.

The average daily attendance of white pupils is only 56 per cent. of the number enrolled, and of colored pupils only 50 per cent of the number enrolled.

While provision is thus made for the education of our whole population of the legal school age, it is a cause of deep regret that so large a proportion of our children and youth do not receive the benefit thereof; and, it is to be hoped, that enlightened public opinion will sustain the school officers and teachers, in their earnest endeavors to increase the regular attendance upon the Public Schools. The interests of the State, as well as of individuals, call for the serious consideration of this non-attendance problem.

THE STATE NORMAL SCHOOL.

The State established this School for the instruction and practice of teachers in the Science of Education, the art of teaching, and the mode of governing schools; and looks to it as the chief source from which to obtain teachers for our Public Schools.

During the past year, the school has been full to its utmost capacity, reaching the limit of numbers fixed by law, and the applicants for admission far exceeded this limit.

The management of the School is entitled to commendation in every respect. The State Board of Education, and the Association of School Commissioners of Maryland, have united in requesting the General Assembly to provide for enlarging the Normal School Building. I respectfully commend said request to your favorable consideration.

THE AGRICULTURAL COLLEGE.

By an Act of Congress approved August 30th, 1890, a large annual appropriation was made to supplement the Act of 1862, making grants of land scrip to endow agricultural colleges in the several States. Under the provisions of the law three annuities have been paid to this State upon the assent of the Governor, but no further payment can be made unless the present General Assembly accepts the grant; this matter should, therefore, receive prompt attention. All that seems necessary is an Act accepting the grant and directing the Board of Trustees of the Maryland Agricultural College to apply the funds in accordance with the conditions of the law.

This additional income places the Agricultural College in this State upon a firm financial basis. Great improvements have already been made at the college, the number of students has lately doubled, and there seems to be good reason to expect its future prosperity and success. But the different funds granted from the Treasury of the United States are restricted to certain kinds of expenditure. All are for purely educational purposes, for instruction and investigation and the equipment or facilities for such work. Congress has expressly left the land, building and numerous necessary expenses of administration to be provided by this State. The last Act, which will soon produce an income of $25,000 per annum, can only be paid to the Agricultural College, if "aided by the State, out of its own revenues." Therefore, in order to keep faith with the Federal Government and fulfill the conditions of its several accepted grants, and to make those funds effective, the usual State donation to this college should be continued. It does not seem right, however, for the public money to be expended for new buildings or any considerable improvements while the State owns but an undivided half of the property.

Four years ago the college was in arrears nearly twenty thousand dollars for old debts. With the aid of the State it has not only been successfully conducted, but about fifteen thousand dollars of the debt has been liquidated. Now, this amount of the debt paid by the State, should be made a first lien on the property for the benefit of the State.

The Board of Trustees is now too large for the efficient transaction of business, and it is often difficult to secure a quorum at the meetings. I would therefore recommend that a bill be passed reducing the number of trustees.

CHARITABLE INSTITUTIONS.

Much has been said and written by those who have preceded me in the office of Governor, upon the question of granting aid by the General Assembly, to the many beneficial and charitable Institutions which we have among us not directly under State control.

The General Assembly in the past has been generous towards Institutions of this character, and has voted money freely to support schools, homes, hospitals and asylums of various kinds, in which the people of the State at large had but little if any interest.

When the list was composed of only a few, founded and conducted upon lines wholly outside of the scope of any Institution provided by this State, it could well be said, as it was then urged, that it was more economical for the State to make a contribution annually in support of these Institutions conducted by individual enterprise, than to undertake to support an organization of like character under State control and management.

I shall not stop here to inquire whether that policy was right or wrong; it is of the past, and the money which was given at the beginning of the system was not large, but a different condition of things now exist, and it is with that condition we have to deal.

As we have shown, the State expends large sums annually in maintaining its system of Free Schools. Every community and neighborhood throughout the entire Commonwealth has one or more school houses, where the youth of the State can receive, without cost, the advantages of a good elementary education. The State is doing all that can be asked in providing educational facilities for its citizens, and I recommend that no money should be voted from its Treasury to aid any private school or academy.

While there can be no difficulty in clearly showing how far the State should go in aiding schools and colleges not its own, yet, when we come to the consideration of the State's duty towards the many worthy institutions which have been established by individual enterprise and means within our borders, for the benefit and advantage of the people, the task of clearly defining how far it is your duty to go, is not always an easy one.

By reference to the appropriations which have been made for several years past, it will be seen that new claimants for State aid make their appearance at each session of the Legislature,

while those that have enjoyed the State's bounty for years, come back as regularly as the meeting of the General Assembly for the renewment of their annual stipend.

These institutions now receive annually the sum of $89,500. It devolves upon you to scrutinize carefully the condition of these recipients of the State's favor, as well as all others who may apply for aid, in order that the list already too large, may contain only those whose purposes and equipment are best calculated to serve the people. No appropriation should be granted to any of these charitable and beneficiary associations whose mission and scope of action are already filled by the Institutions of the State, and if you will follow this rule in voting money to these institutions a saving of not less than twenty-five thousand dollars can annually be effected.

MILITIA.

The Adjutant General, in his report, makes the following recommendations:

"The addition to the brigade of one troop of cavalry and one battery of Hotchkiss or Gatling guns; that the fourth battalion infantry be increased to a regiment by the addition of four companies; that provision be made in the appropriation bill for a sum sufficient to enable the State to make a creditable showing at the proposed encampment of the National Guards of all the States, to be held during the Columbian Exhibition at Chicago in the summer of 1893; and that provision be made for the collection and preservation of the colors borne on both sides in the war between the States, as directed by Joint Resolution passed during the session of the last Legislature."

The Militia is in a very satisfactory condition, and I recommend the usual appropriation

While I admit the recommendations of the Adjutant General for an increase in the force are right and proper, I cannot recommend the additional appropriation necessary for such increase unless means can be provided other than from the present revenues of the State. In my judgment it would be unwise in the Legislature to make a sufficient appropriation for this purpose, unless they first increase the revenue by laying a larger tax on the gross receipts of Railroads and Foreign Corporations.

In another part of this message I have given full expression to my opinion, and have recommended an increase in the tax on such gross receipts.

Our Militia should be kept up to its present state of efficiency and if possible increased in numbers, but it is only fair that the railroads, who are more particularly interested in having a well organized and equipped militia, should largely contribute to the cost of maintenance by paying a larger, but reasonable tax on their gross receipts.

THE MARYLAND PENITENTIARY.

The Maryland Penitentiary is a model institution. The annual report of the President and Directors gives evidence of excellent management.

Financially it has been more than self-sustaining, the Board of Directors, after paying all expenses, paid into the State Treasury, in 1890, a surplus of $1,991.64, and are now ready to pay for the year 1891, a surplus of $3,022.35.

By an act of the General Assembly of the last session, chapter 202, the sum of twenty-five thousand dollars a year was appropriated for the period of ten years for the purpose of purchasing additional grounds for the extension of the Maryland Penitentiary and for the erection of necessary buildings thereon.

It was suggested two years ago, with a view of the State's doing what it could to aid the farmers of the State, to have binding twine manufactured at the Maryland House of Correction by the prisoners confined therein; but upon investigation, it was deemed inexpedient, owing to the fact that most of the inmates of that institution are under short sentences, and are a class of persons generally unfitted for such work.

But with the extension of the Maryland Penitentiary it would be, I think, entirely feasible to erect the necessary machinery at a comparatively small cost for the manufacture of binding twine; in doing so, the State would not conflict with any similar manufactory in the State conducted by private enterprise, while, at the same time, it would be a vast saving to those engaged in wheat raising throughout the State.

Under the present system, the prison labor is hired out to manufacturers in the city, and should the State erect a factory and manufacture binding twine, by charging the consumers with the cost of the raw material and the cost of the work, at the price now charged for such labor, the farmers of the State would be able to secure their binding twine at a much less price than they are now compelled to pay for such material; and I have no hesitation in saying that such a law should be enacted, and therefore recommend the passage of the same.

MARYLAND HOSPITAL FOR THE INSANE.

In the report of the Board of Managers of this Institution for the year 1891, they again refer to the crowded condition of the hospital buildings and the absolute necessity for additional room, and that they have been compelled to decline to receive patients from the counties in excess of their respective quotas.

The Managers ask that special appropriations be made to provide a separate asylum for colored patients; to make some change in the interior arrangement of the building so as to provide an additional dining-room, for an electric light plant, a greater water supply and better sanitary arrangements, all of which seem necessary for the health and comfort of the inmates.

I recommend that additional buildings be erected, for the future no pay patients be received, and that the Hospital be conducted solely as a public institution of the State; to do this of course a considerable appropriation for new buildings will be required, and I recommend that the necessary amount be taken from the large amount coming to the State from the Government, in repayment of the direct tax heretofore paid by the State.

The refusal to receive pay patients will require an additional appropriation of about five thousand dollars for the support of the Hospital.

TRAINING SCHOOL FOR FEEBLE-MINDED CHILDREN.

The Board of Visitors of this Institution have made an interesting report of what has been done by them for the feeble minded. With the small grants of the State they have purchased a desirable site for their asylum, have cared for a number of inmates, and have built a considerable addition to their buildings, and can now accommodate seventy-five patients; but as they have not sufficient means to care for so large a number, and can barely succeed with thirty, they ask for an increase in their appropriation of six thousand dollars for 1892, and of five thousand dollars for 1893, which application seems reasonable and proper, and I recommend such additional appropriations.

THE LUNACY COMMISSION.

From the advance sheet of the annual report of this Commission, it appears they have been diligent in the discharge of their duties; frequent visits appear to have been made to all the Hospitals, Asylums, Reformatories and Almshouses in the State; many abuses have been broken up, reforms suggested

and improvements made, and the inmates are all doubtless largely benefited in condition in consequence of the care and attention given them.

The Commission appears to have given careful attention to the insane, and the separation of the sexes in Asylums, Jails and Almshouses.

HOUSE OF CORRECTION.

This Institution is well conducted, the prisoners properly cared for and the farm admirably cultivated.

The finances are well managed, and the increase in the revenues derived from caning chairs will justifying me in asking that the appropriation be reduced five thousand dollars.

I, therefore, recommend that twenty thousand dollars be appropriated for each of the two succeeding years.

The Board of Managers insist that the buildings are not sufficient for the requirements; that they are frequently compelled to place two prisoners in the same cell.

LIVE STOCK SANITARY BOARD.

In their report, the State Live Stock Sanitary Board say the State is entirely free from pleuro pneumonia in cattle, but there is a slight increase in tuberculosis.

An interesting statement of the State Veterinarian accompanies this report.

BUREAU OF LABOR STATISTICS.

Not having received any report from the Chief of the Bureau of Labor Statistics, and being without any direct information on the subject, I am not able to offer any recommendation on a subject of so much importance to a large number of the people.

GOVERNOR'S CONTINGENT FUND.

As required by the Constitution, I submit a statement of my expenditures of this fund:

Balance of appropriation for 1889		$ 1000 00
Appropriation for 1890		7500 00
Requisition costs repaid by State's Attorney Kerr		71 60
Total		$ 8571 60
Paid for requisition of criminals	$1702 83	
" " advertising	1623 38	
" " repair of public buildings	1009 39	
" " miscellaneous expenses	1879 16	
" " stationery for Australian ballot	537 71	
" " gold watch for Lieut. Mullan	465 00	
" " militia, boundary line, &c	275 00	
" " telegraph, express, office expenses &c	1079 13	8571 60
Appropriation for 1891		$ 7500 00
Paid for requisitions of criminals	$1469 14	
" " advertising	770 10	
" " repair of public buildings	1878 19	
" " stenographer in Archer cases	644 20	
" " telegraph, express, &c	338 29	
" " office expenses, miscellaneous, &c.	900 08	
Total	$6000 00	
Unexpended balance in Treasury	1500 00	
		$ 7500 00

CONSTITUTIONAL AMENDMENTS.

In my last message to the General Assembly I recommended the passage by that body of several Amendments to the State Constitution.

The General Assembly promptly passed and provided for the submission to the vote of the people the Amendments so recommended.

One of the most important of these Amendments, and the one affecting most vitally the interests and welfare of the people, was the one proposing a change in Article 15, of Bill of Rights. This Amendment did not in itself adopt any new system of taxation, but only removed the existing limitations and restrictions, which, as to the mode of levying direct taxes, the present Article 15 imposes. The system to be adopted would have been for the General Assembly to decide, without these limitations and restrictions, which in practice have been

found to be the cause of the escape from taxation of much of a certain kind of property. It is to be greatly regretted that this Amendment was lost, especially as the General Assembly, in passing its General Assessment Law, at its previous session, will be without the benefits that would have resulted from the proposed change of Article 15.

A fact in connection with the loss of this Amendment, to which I desire to call the attention of the General Assembly, is this, that the vote which defeated this important Amendment was only one-fifth the vote cast for the general ticket. This fact discloses the great danger that may result from attempts to change the organic law by Amendments, instead of by a general revision by convention. If one-fifth of the vote cast can defeat so important a change in our organic law, as the one proposed and just defeated, the same vote might adopt the most pernicious alterations of the State Constitution.

I am still of the opinion that the organic law should be changed so as to remove the barrier imposed by Article 15, to equal and just taxation. The increase in the basis of taxation, and the reaching of property that now altogether escapes taxation, both demand that this change should be made; to this end, after much reflection and consideration, I have concluded to recommend to the General Assembly the passage at this session of a law submitting to the people of the State, the question of the calling of a Constitutional Convention to revise our present Constitution. The cost of this Convention would be returned many times in amount to the people by the increase of basis of taxation, as well as the additional property that would be reached for the purpose of taxation, if the Convention relieved the people of the present 15th Article of the Bill of Rights.

CONCLUSION.

In offering such recommendations as are contained in my message I have been actuated only by what I believe to be the best interests of the State, and I sincerely believe if the financial measures proposed should be adopted and adhered to, it will be but a few years before our State will be absolutely free from debt, with no direct tax on our people, with unsurpassed credit, and with revenues ample for the support of the State government and to provide public education of the best character for all our children and youth, hospitals and asylums for our afflicted, and to compass many desirable improvements.

Many subjects requiring attention at your hands have been touched upon lightly, while others have not been mentioned,

but your observation and care will discover and provide for all such matters.

During the brief remainder of my term of office as Governor I desire to co-operate with you in any necessary legislation, and to render you all the assistance in my power.

ELIHU E. JACKSON.